

SIMPSON THACHER & BARTLETT LLP  
Special Counsel to the Debtors  
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(212) 455-2000

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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<b>In re</b>	:
	:
<b>LEHMAN BROTHERS HOLDINGS INC., et al.,</b>	:
	:
<b>Debtors.</b>	:
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STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF NEW YORK )

**SUPPLEMENTAL DISCLOSURE AFFIDAVIT OF SIMPSON THACHER &  
BARTLETT LLP AS SPECIAL COUNSEL TO THE DEBTORS PURSUANT TO  
SECTIONS 327(e) AND 328(a) OF THE BANKRUPTCY CODE AND RULE 2014 OF  
THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

Peter V. Pantaleo, being duly sworn, states the following based upon personal knowledge  
and review of relevant documents:

1. I am a member of the firm of Simpson Thacher & Bartlett LLP ("Simpson Thacher" or the "Firm"), 425 Lexington Avenue, New York, New York 10017, and am admitted to practice law in the State of New York and the United States District Courts for the Southern and Eastern Districts of New York.

2. On November 21, 2008, the Court approved the application dated November 3, 2008 filed by the Debtors seeking authorization *nunc pro tunc* to the Commencement Date to employ Simpson Thacher as special counsel to Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession

(collectively, the “Debtors”) for certain non-bankruptcy related matters. On April 9, 2009 and July 16, 2009, the Court approved the expansion of Simpson Thacher’s retention to include additional non-bankruptcy related matters. As of today, Simpson Thacher’s retention consists principally of (i) representation of an affiliate of LBHI in connection with a litigation and related insurance claim, (ii) representation of the Debtors in connection with insurance regulatory advice and (iii) representation of the Debtors in connection with certain limited general corporate and securities work (which work consists mainly of providing assistance with respect to certain SEC filings).

3. From time to time during the course of these chapter 11 cases, Simpson Thacher has provided disclosures and supplemental disclosures pursuant to Bankruptcy Rules 2014(a) and 2016(b). I now submit this affidavit (the “Affidavit”) to provide additional disclosures pursuant to Bankruptcy Rules 2014(a) and 2016(b). The disclosures set forth herein supplement and update the disclosures set forth in affidavits submitted by Mary E. McGarry on October 31, 2008, November 18, 2008, March 24, 2009 and June 18, 2009.

4. All facts set forth in this Affidavit are based upon information from, and discussions I or other Simpson Thacher personnel reporting to me have had with, certain of my colleagues and the attorney at Simpson Thacher responsible for conflicts matters. The facts below are also based on a review of the Conflicts Checklist provided by Weil, Gotshal & Manges, LLP to Simpson Thacher on October 5, 2011 (the “October 5, 2011 Conflicts Checklist”), setting forth entities that are parties in interest in or are otherwise involved in these cases, performed by the persons within Simpson Thacher responsible for maintaining records of our representations, with the assistance of an attorney at Simpson Thacher. Based on the

foregoing, if I were called upon to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this Affidavit on behalf of Simpson Thacher.

5. The Debtors were a large global enterprise with thousands of parties in interest. Simpson Thacher is one of the largest law firms in the United States and (a) may from time to time have represented, (b) may currently represent, and (c) may in the future represent many entities that are parties in interest in or are otherwise involved in these cases in matters unrelated to those matters for which Simpson Thacher has been retained by the Debtors. Persons within Simpson Thacher who handle conflicts checks have reviewed our databases of matters for which the firm has been engaged for “connections” to (a) any of the persons or entities identified in the October 5, 2011 Conflicts Checklist and (b) the Debtors. Our search results indicate that Simpson Thacher currently represents certain clients in matters that relate to the Debtors but that do not relate to those matters for which Simpson Thacher has been retained by the Debtors. In representing such clients in such matters Simpson Thacher does not represent or hold any interest adverse to the Debtors or to the estates with respect to any matter in which Simpson Thacher has been retained by the Debtors. These matters include the following:

- a. Simpson Thacher currently represents a client in connection with such client’s consideration of an acquisition of a federally chartered savings bank, Aurora Bank FSB (“Aurora”). Aurora is currently owned by LBHI.
- b. Simpson Thacher currently represents a client in connection with a potential new joint venture with certain affiliates of LBHI involving, among other things, a contribution of assets by each potential joint venture party to such joint venture.
- c. Simpson Thacher currently represents a client in connection with a potential acquisition by such client, from parties unrelated to the Debtors, of interests in a partnership in which certain affiliates of LBHI currently own, directly or indirectly, partnership (and other) interests.
- d. Simpson Thacher also represents certain other clients, unrelated to the Debtors, who also own partnership (and other) interests in the partnership

referenced in paragraph 5c, above. These other clients may participate in the potential acquisition transaction referenced in paragraph 5c above as sellers. In addition, these clients have given LBHI and its affiliates a right of first offer as to any sale of such clients' partnership interests. In the event LBHI or any of its affiliates elects to exercise such rights, Simpson Thacher may represent such clients in connection with any such sale to LBHI or its affiliates.

6. Our search results also indicate that Simpson Thacher currently represents (or in some cases formerly represented)<sup>1</sup> certain of the persons or entities identified in the October 5, 2011 Conflicts Checklist (or one or more affiliates of such persons or entities) in matters wholly unrelated to the Debtors or the estates.

7. The foregoing constitutes the statement of Simpson Thacher pursuant to section 327(e) of the Bankruptcy Code and Bankruptcy Rules 2014(a) and 2016(b).

Dated: New York, New York  
October 25, 2011

s/ Peter V. Pantaleo  
Peter V. Pantaleo

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<sup>1</sup> Simpson Thacher's conflicts database maintains records of current and former clients from 1991 to the present.